AL.2.2003-32

University of Alberta Library
0 1620 3681906 6

...t and teacher: Use this cover sheet for mailing or faxing.

ASSIGNMENT BOOKLET A

FIN 2030

Financial Management 2030: Section 1 Assignment and Section 2 Assignment

FOR STUDENT USE ONLY	
Date Assignment Submitted: _____	(If label is missing or incorrect)
Time Spent on Assignment: _____	Student File Number: _____
	Course Number: _____

FOR OFFICE USE ONLY

Assigned Teacher: _____

Assignment Grading: _____

Graded by: _____

Date Assignment Received:

Student's Questions and Comments

Apply Course Label Here

Name

Address

Postal Code

Please verify that preprinted label is for correct course.

Teacher's Comments

_____

Teacher

INSTRUCTIONS FOR SUBMITTING THIS DISTANCE LEARNING ASSIGNMENT BOOKLET

When you are registered for distance learning courses, you are expected to regularly submit completed assignments for correction. Try to submit each section of assignments as soon as you complete it. Do not submit more than one Assignment Booklet in one subject at the same time. Before submitting your section assignments or your Assignment Booklet, please check the following:

- Are all the assignments completed? If not, explain why.
- Has your work been reread to ensure accuracy in spelling and details?
- Is the booklet cover filled out and the correct course label attached?

MAILING

1. Postage Regulations

Do **not** enclose letters with your assignments or Assignment Booklets.

Send all letters in a separate envelope.

2. Postage Rates

Put your assignments or Assignment Booklet in an envelope and take it to the post office and have it weighed. Attach sufficient postage and seal the envelope. Assignment Booklets will travel faster if sufficient postage is used and if they are in large envelopes that do not exceed two centimetres in thickness.

FAXING

1. Assignment Booklets may be faxed to the school with which you are registered. Contact your teacher for the appropriate fax number.

2. All faxing costs are the responsibility of the sender.

E-MAILING

It may be possible to e-mail your completed assignments to the school with which you are registered. Contact your teacher for the appropriate e-mail address.

Career & Technology Studies

Assignment Booklet A

Merchandising Business 2
FIN 2030

Learning Technologies Branch

Alberta LEARNING

FOR TEACHER'S USE ONLY

Summary

	Total Possible Marks	Your Mark
Section 1 Assignment	68	
Section 2 Assignment	76	
	144	

Teacher's Comments

Financial Management 2030
Merchandising Business 2
Assignment Booklet A
Section 1 Assignment and Section 2 Assignment
Learning Technologies Branch
ISBN 0-7741-1944-6

This document is intended for	
Students	✓
Teachers	✓
Administrators	
Home Instructors	
General Public	
Other	

You may find the following Internet sites useful:

- Alberta Learning, **http://www.learning.gov.ab.ca**
- Learning Technologies Branch, **http://www.learning.gov.ab.ca/ltb**
- Learning Resources Centre, **http://www.lrc.learning.gov.ab.ca**

The use of the Internet is optional. Exploring the electronic information superhighway can be educational and entertaining. However, be aware that these computer networks are not censored. Students may unintentionally or purposely find articles on the Internet that may be offensive or inappropriate. As well, the sources of information are not always cited and the content may not be accurate. Therefore, students may wish to confirm facts with a second source.

ALL RIGHTS RESERVED

Copyright © 2001, the Crown in Right of Alberta, as represented by the Minister of Learning, Alberta Learning, 11160 Jasper Avenue, Edmonton, Alberta T5K 0L2. All rights reserved. Additional copies may be obtained from the Learning Resources Centre.

No part of this courseware may be reproduced in any form, including photocopying (unless otherwise indicated), without the written permission of Alberta Learning.

Every effort has been made both to provide proper acknowledgement of the original source and to comply with copyright law. If cases are identified where this effort has been unsuccessful, please notify Alberta Learning so that appropriate corrective action can be taken.

IT IS STRICTLY PROHIBITED TO COPY ANY PART OF THESE MATERIALS UNDER THE TERMS OF A LICENCE FROM A COLLECTIVE OR A LICENSING BODY.

UNIVERSITY LIBRARY
UNIVERSITY OF ALBERTA

ASSIGNMENT BOOKLET A
FINANCIAL MANAGEMENT 2030
SECTION 1 ASSIGNMENT AND SECTION 2 ASSIGNMENT

Your mark for this course will be determined by how well you do your assignments in the Assignment Booklets.

This Assignment Booklet is worth 144 marks out of the total 225 marks for Financial Management 2030. The value of each assignment is stated in the left margin.

Work slowly and carefully. If you have difficulty, go back and review the appropriate topic.

Be sure to proofread your answers carefully.

(68)

Section 1 Assignment: Fiscal Period Adjustments

Read all parts of your assignment carefully and record your answers in the appropriate places.

For questions 1 to 7, choose the response which **best** completes the statement or answers the question.

(1) _____ 1. What amount does the merchandise inventory show in the trial balance debit column of the worksheet?

A. the value of the ending inventory for the current fiscal period
B. the value of the beginning inventory for the next fiscal period
C. the value of the beginning inventory for the current fiscal period
D. the difference between the beginning and ending inventory

(1) _____ 2. What normally happens each time a supply item is used up during a fiscal period?

A. A debit entry is made to supplies expense.
B. A credit entry is made to the supplies account.
C. Supplies expense is debited and supplies is credited.
D. An entry is not made for each item during a fiscal period.

(1) _____ 3. The supplies account for Travis Tools shows a balance of $800 at the end of the current fiscal period. However, a physical count reveals that there are actually supplies on hand worth $240. What adjustment is required?

	Account Debited	Amount Debited	Account Credited	Amount Credited
A.	Supplies	$240	Supplies Expense	$240
B.	Supplies Expense	$240	Supplies	$240
C.	Supplies	$560	Supplies Expense	$560
D.	Supplies Expense	$560	Supplies	$560

(1) _____ 4. What amount for supplies is shown in the trial balance debit column of the worksheet?

A. the value of the supplies on hand at the start of the next fiscal period
B. the value of the supplies on hand at the end of the current fiscal period
C. the difference between the beginning and the ending value of supplies
D. the beginning value of supplies plus the value of those supplies purchased during the period

(1) _____ 5. Valley Garden Centre purchased a 12-month insurance policy on August 1, 20xx, for $2400. The current fiscal period ends on December 31, 20xx. The amount of the adjustment for expired insurance is

A. $200
B. $1000
C. $1200
D. $2400

(1) _____ 6. Which accounts must begin each fiscal period with a zero balance?

A. revenue, expenses, capital
B. capital, drawings, expenses
C. assets, liabilities, drawings, capital
D. revenues, expenses, costs, drawings

(1) _____ 7. Reliable Tires Ltd. purchased a 12-month insurance policy on September 1, 20xx, for $900. If the fiscal period ended on December 31, 20xx, what would the adjustment be?

	Account Debited	Amount Debited	Account Credited	Amount Credited
A.	Insurance Expense	$300	Prepaid Insurance	$300
B.	Prepaid Insurance	$300	Insurance Expense	$300
C.	Insurance Expense	$600	Prepaid Insurance	$600
D.	Prepaid Insurance	$600	Insurance Expense	$600

8. Assume that a firm sold 20 televisions for $732.90 each during a fiscal period. The company had paid $452.90 each when it purchased the televisions from its supplier, and the expenses for the period were $621.30.

(1) a. What is the gross profit? _____

(1) b. What is the net income? _____

(10) 9. Complete the chart by filling in the shaded areas.

Beginning Inventory	+ Net Purchases	= Merchandise Available for Sale	– Ending Inventory	= Cost of Merchandise Sold
59 454.00		143 797.00	84 343.00	
3 429.00	8 433.00		1 434.55	10 427.45
54 949.00	15 765.00		44 394.00	
33 494.00	12 848.00			45 488.00
194 300.00		242 300.00	147 000.00	
65 400.00	76 500.00		65 099.00	76 801.00

10. The worksheet for VanDros Ladies Wear is provided on the next page. The trial balance columns of the worksheet have been completed for you.

VanDros Ladies Wear

WORKSHEET

For the Year Ended December 31, 20xx

	ACCOUNT TITLE	Acct. No.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET		
			DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	*Cash*	*101*	*500.00*								1
2	*Merchandise Inventory*	*104*	*14 540.00*								2
3	*Supplies*	*106*	*800.00*								3
4	*Prepaid Insurance*	*109*	*1 200.00*								4
5	*Store Equipment*	*121*	*6 000.00*								5
6	*Accounts Payable*	*201*		*4 500.00*							6
7	*C. Thio, Capital*	*301*		*23 800.00*							7
8	*C. Thio, Drawings*	*302*	*3 000.00*								8
9	*Income Summary*	*303*									9
10	*Sales*	*401*		*40 000.00*							10
11	*Sales Returns and Allowances*	*401.1*	*320.00*								11
12	*Purchases*	*501*	*33 000.00*								12
13	*Purchases Returns & Allowances*	*501.1*		*160.00*							13
14	*Purchases Discount*	*501.2*		*230.00*							14
15	*Supplies Expense*	*604*									15
16	*Salaries Expense*	*607*	*8 500.00*								16
17	*Insurance Expense*	*609*									17
18	*Miscellaneous Expense*	*630*	*830.00*								18
19			*68 690.00*	*68 690.00*							19
20											20
21											21
22											22

(20)

a. Complete the worksheet using the following additional information:

- ending Merchandise Inventory: $12 990
- ending Supplies inventory: $175
- value of unexpired insurance: $700

(10)

b. Journalize the adjusting entries on page 27 of a general journal.

GENERAL JOURNAL Page 27

	Date	Account Title	Post Ref.	Debit	Credit	
1						1
2						2
3						3
4						4
5						5
6						6
7						7
8						8
9						9
10						10

11. The worksheet for Jansen Sporting Goods is provided on the next page. Use the following information to complete the worksheet.

- The fiscal year end is December 31, 20xx.
- A physical count of the inventory showed $12 500 on hand on December 31.
- A physical count of the supplies showed $500 on hand on December 31.
- Insurance policy #49565 was purchased on July 1, 20xx. It is a 12-month policy and the purchase price was $1500.

Jansen Sporting Goods

WORKSHEET

For the Year Ended December 31, 20xx

	ACCOUNT TITLE	Acct. No.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET		
			DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	*Cash*	*111*	*20 000.00*								1
2	*Accounts Receivable*	*114*	*4 500.00*								2
3	*Merchandise Inventory*	*116*	*10 500.00*								3
4	*Supplies*	*117*	*1 000.00*								4
5	*Prepaid Insurance*	*120*	*1 500.00*								5
6	*Furniture and Fixtures*	*130*	*6 000.00*								6
7	*Automobile*	*150*	*19 500.00*								7
8	*Accounts Payable*	*201*		*4 000.00*							8
9	*Loan Payable*	*210*		*10 000.00*							9
10	*B. Jansen, Capital*	*301*		*50 000.00*							10
11	*B. Jansen, Drawings*	*302*	*10 000.00*								11
12	*Income Summary*	*303*									12
13	*Sales*	*401*		*60 000.00*							13
14	*Sales Returns and Allowances*	*401.1*	*500.00*								14
15	*Sales Discount*	*401.2*	*1 000.00*								15
16	*Purchases*	*501*	*30 000.00*								16
17	*Purchases Returns and Allowances*	*501.1*		*1 000.00*							17
18	*Purchases Discounts*	*501.2*		*500.00*							18
19	*Rent Expense*	*603*	*6 000.00*								19
20	*Supplies Expense*	*605*									20
21	*Salaries Expense*	*607*	*14 500.00*								21
22	*Insurance Expense*	*610*									22
23	*Miscellaneous Expense*	*625*	*500.00*								23
24			*125 500.00*	*125 500.00*							24
25											25
26											26
27											27

(10) a. Prepare the necessary adjusting entries on the worksheet.

(5) b. Extend the appropriate figures to the income statement and balance sheet columns.

(2) c. Calculate and verify the net income.

(2) d. Rule the worksheet after verifying the accuracy of your figures.

(76)

Section 2 Assignment: Financial Statements

Read all parts of your assignment carefully and record your answers in the appropriate places.

For questions 1 to 6, choose the response which **best** completes the statement or answers the question.

(1) _____ 1. What are the two most common financial statements?

A. the balance sheet and the worksheet
B. the income statement and the balance sheet
C. the balance sheet and the statement of owner's equity
D. the statement of owner's equity and the income statement

(1) _____ 2. What do financial statements summarize?

A. financial decisions for a specific period of time
B. business activities for a specific period of time
C. business objectives for a specific period of time
D. financial transactions for a specific period of time

(1) _____ 3. The time period when current assets are capable of being converted into cash is within one

A. year
B. week
C. month
D. fiscal period

(1) _____ 4. How are fixed assets meant to be used?

A. sold to investors
B. used as collateral
C. sold to customers
D. kept in the business

(1) _____ 5. Which answer contains three of the sections found on a classified income statement?

A. net income, assets, and selling expenses
B. cost of merchandise sold, net income, and assets
C. selling expenses, cost of merchandise sold, and operating revenue
D. administrative expenses, liabilities, and net income

(1) _____ 6. As shown on the income statement, what does net sales minus the cost of merchandise sold equal?

A. net income
B. gross profit
C. gross revenue
D. operating income

(1) 7. The classified income statement shows the following balances.

Gross Sales	*92 300.00*
Sales Returns and Allowances	*1 070.00*
Sales Discounts	*2 470.00*

What is the dollar amount of the net sales to be shown on the classified income statement?

_____

(1) 8. The classified income statement shows the following balances.

Purchases	*80 000.00*
Purchases Returns and Allowances	*910.00*
Purchases Discounts	*1 850.00*

What is the dollar amount of net purchases to be shown on the classified income statement?

_____

9. The classified income statement shows the following balances.

Inventory	*592 300.00*
Purchases	*50 000.00*
Purchases Returns and Allowances	*620.00*
Purchases Discounts	*5 900.00*
Net Purchases	
Merchandise Available for Sale	

Enter the dollar amount to be shown on the classified income statement for the following items.

(1) a. amount of net purchase _____

(1) b. amount of merchandise available for sale _____

10. The classified income statement of a company shows the following balances.

Beginning Inventory	*520 000.00*
Purchases	*78 858.00*
Purchases Returns and Allowances	*560.00*
Purchases Discounts	*8 674.00*
Net Purchases	
Merchandise Available for Sale	
Ending Inventory	*498 000.00*
Cost of Merchandise Sold	

Enter the dollar amounts to be shown on the classified income statement for the following items.

(1) a. amount of net purchases _____

(1) b. amount of merchandise available for sale _____

(1) c. amount of cost of merchandise sold _____

(1) 11. Use the list of changes to the owner's equity account to answer the question.

Capital at the beginning of the period	*49 500.00*
Net loss for the period	*4 300.00*
Drawings for the period	*11 060.00*
Additional investment for the period	*12 400.00*
Capital at the end of the period	

What was the dollar amount of the ending capital for the fiscal period? _____

(1) 12. The chart shows capital data and the changes that occurred over a fiscal period.

Capital, January 1, 20xx	*59 000.00*
Drawings, December 31, 20xx	*12 000.00*
Income for the period	*22 000.00*
Additional Investment, April 15, 20xx	*3 200.00*
Capital, December 31, 20xx	

What is the new capital? _____

(11) 13. Look at the income statement for Tri-Area Sales & Service. Complete the shaded areas in the statement.

Tri-Area Sales & Service
INCOME STATEMENT
For the Month Ended January 31, 20xx

Operating Revenue:				
Gross Sales			474 395.00	
Less: Sales Returns and Allowances		1 484.00		
Sales Discount		1 100.00		
Net Sales				
Cost of Merchandise Sold:				
Inventory, January 1, 20xx			109 434.00	
Purchases		65 400.00		
Less: Purchases Returns and Allowances	1 900.00			
Purchases Discount	500.00			
Net Purchases				
Merchandise Available for Sale				
Inventory, January 31, 20xx			94 393.00	
Cost of Merchandise Sold				
Gross Profit on Sales				
Gross Profit on Operations				
Operating Expenses:				
Selling Expenses:				
Sales Salaries Expense		14 000.00		
Advertising Expense		2 350.00		
Miscellaneous Expense		1 200.00		
Total Selling Expenses				
Administrative Expenses:				
Office Salaries Expense		1 800.00		
Interest Expense		232.00		
Total Administrative Expenses			2 032.00	
Total Operating Expenses				
Income from Operations				
Other Revenue:				
Interest Income			349.00	
Net Addition				349.00
Net Income				

(20) 14. Look at the completed worksheet for Corsica Sales Company. Complete a classified income statement. Note that the salaries expenses are apportioned 50% to sales and 50% to administration.

Corsica Sales Company

WORKSHEET

For the Year Ended December 31, 20xx

	ACCOUNT TITLE	Acct. No.	TRIAL BALANCE		ADJUSTMENTS		INCOME STATEMENT		BALANCE SHEET		
			DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	DEBIT	CREDIT	
1	*Cash*	*111*	*45 000.00*						*45 000.00*		1
2	*Accounts Receivable*	*112*	*13 500.00*						*13 500.00*		2
3	*Merchandise Inventory*	*115*	*22 900.00*		*24 000.00*	*22 900.00*			*24 000.00*		3
4	*Supplies*	*116*	*1 950.00*			*800.00*			*1 150.00*		4
5	*Prepaid Insurance*	*117*	*2 200.00*			*1 100.00*			*1 100.00*		5
6	*Store Equipment*	*121*	*3 000.00*						*3 000.00*		6
7	*Accounts Payable*	*201*		*3 850.00*						*3 850.00*	7
8	*B. Antonio, Capital*	*301*		*82 000.00*						*82 000.00*	8
9	*B. Antonio, Drawings*	*302*	*8 000.00*						*8 000.00*		9
10	*Income Summary*	*303*			*22 900.00*	*24 000.00*	*22 900.00*	*24 000.00*			10
11	*Sales*	*401*		*89 500.00*				*89 500.00*			11
12	*Sales Returns and Allowances*	*401.1*	*650.00*				*650.00*				12
13	*Purchases*	*501*	*44 500.00*				*44 500.00*				13
14	*Purchases Returns and Allowances*	*501.1*		*650.00*				*650.00*			14
15	*Purchases Discount*	*501.2*		*600.00*				*600.00*			15
16	*Delivery Expense*	*604*	*890.00*				*890.00*				16
17	*Supplies Expense*	*608*			*800.00*		*800.00*				17
18	*Salaries Expense*	*609*	*24 000.00*				*24 000.00*				18
19	*Advertising Expense*	*612*	*1 110.00*				*1 110.00*				19
20	*Rent Expense*	*622*	*8 450.00*				*8 450.00*				20
21	*Insurance Expense*	*624*			*1 100.00*		*1 100.00*				21
22	*Utilities Expense*	*633*	*450.00*				*450.00*				22
23			*176 600.00*	*176 600.00*	*48 800.00*	*48 800.00*	*104 850.00*	*114 750.00*	*95 750.00*	*85 850.00*	23
24	*Net Income*						*9 900.00*			*9 900.00*	24
25							*114 750.00*	*114 750.00*	*95 750.00*	*95 750.00*	25
26											26

Corsica Sales Company

INCOME STATEMENT

For the Month Ended December 31, 20xx

Operating Revenue:			
Gross Sales			
Less: Sales Returns and Allowances			
Net Sales			
Cost of Merchandise Sold:			
Inventory, December 1, 20xx			
Purchases			
Less: Purchases Returns and Allowances			
Purchases Discount			
Net Purchases			
Merchandise Available for Sale			
Inventory, December 31, 20xx			
Cost of Merchandise Sold			
Gross Profit on Operations			
Operating Expenses:			
Selling Expenses:			
Sales Salaries Expense			
Delivery Expense			
Advertising Expense			
Total Selling Expenses			
Administrative Expenses:			
Office Salaries Expense			
Supplies Expense			
Rent Expense			
Insurance Expense			
Utilities Expense			
Total Administrative Expenses			
Total Operating Expenses			
Income from Operations			
Net Income			

(10)

15. Using the completed worksheet for Corsica Sales Company, complete a statement of change in owner's equity.

Corsica Sales Company

STATMENT OF CHANGE IN OWNER'S EQUITY

For the Year Ended December 31, 20xx

(20)

16. Using the completed worksheet for Corsica Sales Company, complete a classified balance sheet.

Corsica Sales Company

BALANCE SHEET

As at December 31, 20xx

Assets			
Current Assets:			
Cash			
Accounts Receivable			
Merchandise Inventory			
Supplies			
Prepaid Insurance			
Total Current Assets			
Fixed Assets:			
Store Equipment			
Total Fixed Assets			
Total Assets			
Liabilities			
Current Liabilities:			
Accounts Payable			
Total Current Liabilities			
Total Liabilities			
Owner's Equity			
B. Antonio, Capital			
Total Liabilities and Owner's Equity			

© 2001